

ADMINISTRATION AND FINANCE COMMITTEE

DATE: June 19, 2007

CALLED TO ORDER: 5:11 p.m.

ADJOURNED: 6:34 p.m.

ATTENDANCE

Attending Members

Joanne Sanders, Chair
Vernon Brown
Lance Langsford
Lynn McWhirter
Jackie Nytes
Lincoln Plowman

Absent Members

Paul Bateman

AGENDA

PROPOSAL NO. 229, 2007 - appoints Steven Fenton to the City-County Internal Audit Committee

“Do Pass as Amended”

Vote 6-0

PROPOSAL NO. 230, 2007 - approves a transfer of \$123,019 from the 2007 Budget of the Lawrence Township Assessor (County General and Property Reassessment Funds) to the 2007 Budget of the Washington Township Assessor to pay for maintenance and licensing fees and services provided to the Marion County Township Assessors

“Do Pass”

Vote 6-0

PROPOSAL NO. 265, 2007 - determines the need to lease approximately 6,819 square feet of additional space at 251 East Ohio Street for use by the Marion County Prosecutor's Office

“Do Pass”

Vote 6-0

PROPOSAL NO. 266, 2007 - transfers \$20,000 in the 2007 Budget of the Marion County Board of Voter's Registration (County General Fund) to cover expenses for temporary staff to assist with entering and maintaining voter registration records

“Do Pass”

Vote 5-0

PROPOSAL NO. 267, 2007 - authorizes and approves an interlocal agreement for the investment of public funds

“Do Pass”

Vote 5-0

PROPOSAL NO. 268, 2007 - establishes the maximum tax rate that may be imposed for the City Cumulative Capital Development Fund
“Do Pass”

Vote 5-0

PROPOSAL NO. 269, 2007 - establishes the maximum tax rate that may be imposed for the County Cumulative Development Fund
“Do Pass”

Vote 5-0

ADMINISTRATION AND FINANCE COMMITTEE

The Administration and Finance Committee of the City-County Council met on Tuesday, June 19, 2007. Chair Joanne Sanders called the meeting to order at 5:11 p.m. with the following members present: Vernon Brown, Lance Langsford, Lynn McWhirter, Jackie Nytes, and Lincoln Plowman. Absent was Paul Bateman. Representing Council staff was Bart Brown, Council Chief Financial Officer (CFO).

PROPOSAL NO. 229, 2007 - appoints Steven Fenton to the City-County Internal Audit Committee

Chair Sanders asked Mr. Fenton to provide some information about himself to the Committee and explain the background he brings to the Internal Audit Committee. Mr. Fenton said that he is a 1983 graduate of Crispus Attucks High School, an Undergraduate Accounting major of Marian College, and law school graduate of Indiana University at Indianapolis. He said that he has approximately 20 years of accounting, audit, and tax experience, providing various consulting services, both internally and externally, to clients ranging from small start-up companies to large multi-national companies. He said that he is currently a manager of the Tax Department at Roche Diagnostics in Indianapolis and prior to that, he served as a Cost Accountant at General Motors Division Allison Transmission in Indianapolis. He has also worked as a Tax Consultant at KPMG and Price Waterhouse Coopers.

Chair Sanders asked Mr. Fenton if he has had appointments to other commissions or city entities where he has served the public. Mr. Fenton answered in the negative.

Councillor Nytes said that, as a member of the Internal Audit Committee, she is excited about Mr. Fenton's credentials, and it will be good to have Mr. Fenton join the committee.

Councillor McWhirter asked why the appointment is for a term ending December 31, 2007. She asked if Mr. Fenton is replacing someone who was previously on the committee. Councillor Nytes said that George Farley, who currently serves on the Audit Committee, had to resign due to an increase in job responsibilities. Therefore, Mr. Fenton's position will fill the remainder of Mr. Farley's term.

Chair Sanders said the proposal needs to be amended to reflect that Mr. Fenton's first name should be spelled with a "ph" instead of a "v" as indicated on the proposal. Councillor Langsford moved, seconded by Councillor McWhirter, to amend Proposal No. 229, 2007 to change the "v" in Steven to "ph". The motion carried by a vote of 6-0.

Councillor Langsford moved, seconded by Councillor Nytes, to forward Proposal No. 229, 2007 to the full Council with a "Do Pass as Amended" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 230, 2007 - approves a transfer of \$123,019 from the 2007 Budget of the Lawrence Township Assessor (County General and Property Reassessment Funds) to the 2007 Budget of the Washington Township Assessor to pay for maintenance and licensing fees and services provided to the Marion County Township Assessors

Joline Ohmart, Washington Township Assessor, said that joint funds for the assessors is generally kept in the account of the President of an informal group of assessors. Ms. Ohmart said that the former president was the Lawrence Township Assessor, but she is now the President and the money needs to be transferred to her account. She said that there are several things that the assessors pay for together in order to receive better prices, including plotters. She said that the assessors would have to pay nine times the current \$15,000 if the contracts were separate, and this is the case with other items.

Chair Sanders said that she is concerned that the assessors would have to pay \$15,000 each for a single plotter if the plotters were contracted individually. She said that she understands that the assessors have been acting as a group for a while, but Corporation Counsel has determined that the assessors technically have no legal position as a group. Chair Sanders said that she appreciates that the assessors have put forth efforts to find more reasonable ways to pay for some of the maintenance on various pieces of equipment in the Assessors' offices. The Council, as the fiscal body, has not had the opportunity to review most of the contracts that the assessors have initiated over the last several years, and that raises overall concerns. Ms. Ohmart said that City Legal has approved all of the contracts that the assessors are involved in. Chair Sanders said that City Legal has not been involved in all of the contracts. Mary Lou Benell, Chief Deputy Assessor, Washington Township, said that the documents being discussed are not actual contracts, but they are licensing and maintenance agreements that are needed. Bart Brown, Council CFO, said that the budget is done for each individual agency, and the budget for any licensing or maintenance resides within the budget of each Assessors' office. He said that he is unaware of any case where the funds of different agencies are consolidated into one agency's budget to pay for a common contract. Ms. Ohmart distributed a handout (attached as Exhibit A) as a small example of the type of savings that the Assessors receive by purchasing some items together. Exhibit A shows the cost breakdown of purchasing maps at a group rate including combined shipping and at an individual rate with individual shipping. The savings to the group would be \$471. Mr. Brown said that the assessors should be able to receive the same type of savings by using the City's Purchasing Department. He said that Purchasing can do all of the negotiating, and contracts can still be written as one. Chair Sanders said that the Committee is not arguing the Assessors' needs, but that Mr. Brown is simply informing the assessors that the Purchasing function is available to all agencies in an effort to help decrease costs. Ms. Ohmart asked if a purchase order has to be submitted for each Assessor's Office. Chair Sanders said that a blanket purchase order can be submitted for the group, and the costs can be distributed across the budgets separately. This will show the true cost of each agency by making sure that all the costs relative to a particular agency are encumbered on that agency's budget.

Councillor McWhirter said that the current way that the assessors purchase certain items has been past practice for approximately six years and there has not been any problems until this point. She asked if there has been some new development that has caused this to be a problem. Chair Sanders said that the concern is that the current process does not allow for a concise determination on what it costs to operate each office, because funds are being put into one "consolidated" account in one Assessor's budget to purchase items as a "group", but yet each office is an individual agency. She said that there would be no way of discerning the true costs of each agency if an auditor came in to examine the budgets.

Councillor Nytes said that she recognizes that the process has been done this way for years, but she questions if this type of transaction is proper and legal, if there are interlocal agreements set up between the assessors to do this type of cooperative purchasing, and why the assessors do not use City Purchasing. She said that the most important point that she is concerned with is that it seems to add to the argument that the City should move toward having a single office for property assessment in the county. She said that as long as the City continues to have nine different offices for nine different township assessors, things are being done nine different times and she wonders how much more money can be saved by combining the offices into one. Councillor Nytes said that she is prepared to support the proposal because it is the middle of the year and the process is already in place, but she would like consideration of the big picture to be part of this year's budget process.

Ms. Benell said that the assessors have had discussions with the Controller's Office about how to separate the costs for each office so that it can be tracked, because they are concerned with that also. Ms. Ohmart said that in the past there has not been a separate item of the township budget, but they have been told by the Controller's Office that the assessors can have a separate index for the funds for General and Reassessment. In other words, there can be a separate budget set aside for the assessors jointly, and it can be tracked in that sense.

Councillor Langsford asked what happens if one of the township assessors decides that they want to go through Purchasing instead of being included in a joint purchase. Ms. Ohmart said that they were not aware that the purchases could be done through Purchasing, but it is a possible option for all of the assessors. Councillor Langsford asked whose responsibility it is to determine what is purchased for the group. Ms. Ohmart answered that it is a group decision and everyone decides. Councillor Langsford asked who does the research on particular purchases. Ms. Ohmart answered that it depends on who has the time and available resources to gather the information. Ms. Benell said that bids for licensing and maintenance of the plotters and AutoCad cannot be obtained, because the current vendor sold the equipment to the assessors many years ago. Councillor Langsford said that he believes that additional options need to be explored on ways to improve the current process, to make it less expensive and more efficient. Ms. Benell said that she agrees that a more efficient process for any new purchases should be examined, but she believes that the current process is best for the plotters and the AutoCad system. Ms. Ohmart said that the Assessors would have to start over to obtain a better process for those items, because the AutoCad system is used on all the equipment.

Councillor McWhirter asked if Purchasing can buy a bulk of items for the assessors and deduct a particular amount from each individual Assessor's budget. Mr. Brown answered in the affirmative and stated that Purchasing is set up that way so that they can do the legwork of gathering the information and negotiating prices so that the departments can focus on their individual functions. Councillor McWhirter said that maybe Purchasing and the Assessors can meet to discuss some of the options that are available and work toward those particular practices so that the purchases can be better tracked in next year's budget.

Councillor Brown asked if the Controller's Office has a view on the process. Hope Tribble, Controller's Office, said that the request was accepted for the transfer because it has been the past practice, but it is probably best in the future for the assessors to do a blanket purchase order that will hit the budgets of each individual township assessor.

Councillor Nytes said that she also encourages the assessors to have thorough discussions with the staff from the Information Services Agency (ISA) with regard to some contracts on items such as the AutoCad system, as it is also used by other agencies.

Jason Holliday, Decatur Township Assessor, said that the AutoCad program that the Assessors use is specific to the Assessors' needs. He said that Purchasing has been involved in some of the Assessors' transactions, as the licenses and maintenance agreements for the plotters have been presented to and approved by Purchasing. Mr. Holliday said that the original purchases of the licenses, programs and plotters were also reviewed and approved by City Legal.

Mr. Brown said that the Council may need to look into whether or not an agency can legally sign a contract if the money is not in their individual budget. He said that as the fiscal advisor, he recommends that the expenses be sent through Purchasing and separated.

Shital Patel, Chief Information Officer, Information Services Agency (ISA), said that some changes have been made in the last couple of years, as ISA has taken over most of the Information Technology (IT) maintenance agreements by working with Purchasing and the Controller's Office. She said that they have been trying to ensure that ISA has the control to determine if the right licenses exist and when things expire. She said that ISA will be glad to look into the Assessors' maintenance agreement and see if it can be incorporated into next year's budget. Ms. Patel said that there are two different GIS systems, and ISA can support one or the other, but it will cost a lot of money and require a lot of research to integrate one system into the other. However, these things can be examined for next year.

Councillor Nytes moved, seconded by Councillor McWhirter, to forward Proposal No. 230, 2007 to the full Council with a Do Pass recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 265, 2007 - determines the need to lease approximately 6,819 square feet of additional space at 251 East Ohio Street for use by the Marion County Prosecutor's Office

Lisa Bentley, Chief of Operations, Prosecutor's Office, explained her office's need for additional space (her statement is attached as Exhibit B). She said that the sharing of offices also poses an issue of privacy for victims. Ms. Bentley said that the Prosecutor's Office is requesting the additional space through a renegotiation of their current lease (renegotiation numbers attached as Exhibit C). She explained that Exhibit C indicates that the amended lease for 2008 will cost \$131,866, while the current lease for 2008 as it stands will cost \$70,200 for 2008 and 2009, as it was a stair-step lease. She said that the difference between the total current cost for 2008 and 2009 and the total amended cost for 2008 and 2009 is \$27,603, which includes the build-out cost of approximately \$13,800. She said that the Prosecutor's Office feels that the difference is reasonable with the addition of 39 more offices. She said that it is her understanding that the additional space was left on the sixth floor with the anticipation for possible future build-out of the Prosecutor's Office. However, a 25% growth in staff from 2003 to 2007 was never anticipated, but is what has happened.

Chair Sanders asked if the 25% growth in staff is due to the increases in budget because of the actions of the Criminal Justice Planning Council. Ms. Bentley answered in the affirmative and stated that grants have allowed for additional staff. Chair Sanders asked how many offices are

currently in the department. Ms. Bentley answered that there are currently 219 offices. Chair Sanders asked how many prosecutors are currently employed. Helen Marchal, Chief of Staff, Prosecutor's Office, answered that there are approximately 168 Deputy Prosecutors, including child support Deputy Prosecutors. Chair Sanders asked if all of the Prosecutors are full-time. Ms. Marchal answered in the affirmative, with the exception of two screeners who share an office.

Councillor Brown asked who owns the building that the Prosecutor's Office is currently occupying. Ms. Bentley answered that it is owned by Hertz Indianapolis One, LLC. Councillor Brown commented that the Prosecutor's Office does a wonderful job at obtaining grants and asked if the total rent for 2008 will be \$1,082,000. Ms. Bentley stated that will be the amount for the current lease, but the amended lease will be \$1.1 million. Ms. Bentley explained that the first column for each year in Exhibit C shows the current lease amount and the shaded columns show the amended lease amount. It then summarizes the total lease amount for each year through 2014. Councillor Brown asked if the Prosecutor's Office renegotiated the current lease because it was more cost effective than to move the department to another site. Ms. Bentley answered that she is not sure if the additional space could have been located to encompass the entire department. She said it cost the Prosecutor's Office approximately \$330,000 to move in 2003, of which approximately \$250,000 was used for telephone and data. Councillor Brown asked what the cost per square foot is to lease. Ms. Bentley answered that Exhibit C shows that the current average square foot cost through 2014 is \$16.61 and the amended square foot cost is \$15.74. Councillor Brown asked if that amount is comparable to other lease amounts for space in the downtown area. Ms. Bentley answered in the affirmative and stated that she believes that the current average cost per square foot is \$14 to \$18. Councillor Brown said that he would like to be added as a sponsor for Proposal No. 265, 2007.

Councillor Nytes asked if the proposal has gone before the Space Allocation Committee. Ms. Bentley answered in the negative and stated that City Legal advised her that the Space Allocation Committee addresses the space needs of the City-County Building and that the Public Defender's Agency and outside entities have not recently gone through the Allocation Committee. Councillor Nytes said that she was trying to discern whether there are any particular space standards as to whether all attorneys for the City receive private offices, as the Public Defender's Agency has also added attorneys. Bob Clifford, City Controller, said in the case of the Public Defender, there was an attempt to have a systematic approach based on the number of attorneys. He said that the Controller's Office gave the department guidelines on how many square feet should be explored, based on what is allocated to other City/County agencies.

Councillor Nytes asked if the lease figures include the cost of building out and furnishing the new space. Ms. Bentley answered that it includes the build-out, and a lot of the furniture will be moved out of the 30 offices that are currently being shared. She said that furnishing the remaining nine offices will be budgeted in Character 02. Councillor Nytes asked if telephone and data is included in the build-out or if there is money in the budget to cover the additional costs. Ms. Bentley answered that there is money in the budget, but the cost will not be as much as it was at the time of the original move. She said that many of the hubs and phones are already present, so it will simply be a matter of the wiring being moved to the new side.

Councillor Nytes asked what kind of storage the Prosecutor's Office uses currently, if there are any plans to reduce the storage needs, and if all the storage is kept on site. Ms. Bentley answered that all of the storage is not on site, as many of the closed files are moved to a storage area for which a

rental fee is paid. Ms. Marchal said that there are plans to send someone to a conference that gives information on a paperless office system, but the Prosecutor's Office is not currently technologically ready for that. She said that the current storage need for the Prosecutor's Office includes storing every old case file that exists, but some are sent off-site. She said that files that are kept for a long period of time on-site include death penalty files and files for defendants with post-conviction relief actions. Ms. Bentley said that files also have to be pulled for clients that have had previous cases. She said that she is not sure what the best system is for the needs and accessibility of the Prosecutors, but other storage ideas can be explored.

Councillor McWhirter asked if all of the Prosecutors are now located in one place, with the exception of those that are stationed in the neighborhoods. Ms. Marchal answered that all will be except those prosecutors assigned to the Juvenile Division.

Councillor Langsford asked for an explanation of the intangible benefits, such as more work being completed in a timely manner and more efficiency that the Prosecutor's Office will reap from the acquisition of the additional space. Ms. Marchal said that the additional space will allow privacy to be given to victims of sensitive cases, because there will not be an issue of trying to discuss a case in the presence of another attorney that is doing unrelated work in the same office. Ms. Marchal thanked the Council for helping with the increase of salaries, as everyone has been working hard to reduce the number of turnovers, and attrition has significantly decreased. She said that the decrease is due to salary increases and the desire to offer a comfortable work environment. She said that she believes that the convenience of everyone having their own office is better for morale, better for productivity, and provides little to no interruption of work.

Councillor Nytes commented that the Administration and Finance Committee is limited to simply assessing the need for the additional space, but she believes that the Committee should also take into consideration the factor of whether the County budget can afford to fund the project. Mr. Clifford stated that the County can afford to fund the project and said that the Prosecutor's Office consulted the Office of Finance and Management (OFM) several months ago with the desire to obtain more space in the same building that they currently occupy. Mr. Clifford said that he agreed with their philosophy and asked the department to try to negotiate the best possible deal for the space. He said that the Prosecutor's Office returned stating that there was no rent increase for the department this year, and the department negotiated a very small increase going into next year. Mr. Clifford said that the contract still has the funding out-clause that the City requires, which states that the Council can stop funding for leases if they decide to build a new building or judicial center. He said that he believes that the renegotiated contract amount is reasonable and he would be supportive of the proposal. He stated that he has also seen the budget proposal for the Prosecutor's Office, and it is also reasonable. Mr. Clifford said that he believes that the City has reached a steady position with judicial funding for the Prosecutor, Public Defender and the Courts.

Chair Sanders said that she has requested a tour of the Prosecutor's facility, as she believes that Councillors sometimes feel that they are allocating funding to agencies but cannot always determine what they are paying for. She asked to arrange a tour of the facility and stated that several of the Councillors would be interested in being a part of that tour.

Councillor Brown said that he tries to be pretty consistent with supporting Public Safety initiatives, and he believes that it is the job of the Council to make resources available for the proper functioning of the departments seeking requests based upon their expressed needs.

Councillor Langsford said that during the time that he spent in Afghanistan, he learned of a program called Blue Book Standard that depicts the office space according to various professional positions. He said that may be something that could be consulted in the future. He said that he would also like to be added as a co-sponsor for the proposal.

Councillor Langsford moved, seconded by Councillor Brown, to forward Proposal No. 265, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

[Clerk's note: Councillor Langsford left at this time, 6:11 p.m.]

PROPOSAL NO. 266, 2007 - transfers \$20,000 in the 2007 Budget of the Marion County Board of Voter's Registration (County General Fund) to cover expenses for temporary staff to assist with entering and maintaining voter registration records

Cindy Mowery, Republican Board Member, Voter's Registration, said that the transfer is being requested from Character 03 out of their postage budget to Character 01 to cover temporary employee salaries. She said that most often the temporaries perform data entry, but Voter's Registration will need additional help this summer with updating voter information in the polling books.

Chair Sanders asked if notifying the voters of the purge will be costly and how the postage budget will be affected. Ms. Mowery said that funds for the additional postage are already set aside with the Treasurer's Office. She said that the department set aside money that they believed to be surplus and put it into Character 01 earlier this year because it is a municipal election year.

Councillor Nytes asked Ms. Mowery to explain what will be involved with the update. Ms. Mowery said six to eight weeks prior to an election, Voter's Registration works really hard to get all of the registrations into the system. The registrations come from the Bureau of Motor Vehicles (BMV), mail, walk-ins, and candidates and political parties. She said that there is a small amount of time to get all the information together and to the printer for the poll books to be printed. She said that temporaries are typically brought in to help with this process, but they were previously paid out of Character 03. Councillor Nytes commented that there is some logic in paying the temporaries out of Character 01, as it provides an understanding of the number of staff hours that are needed to manage the office, regardless of whether the employees are full-time, part-time or temporary. She asked how up-to-date the voter registration records are. Ms. Mowery answered that she believes that the records are in better shape than they have been in the past, but that will better be determined once the clean-up this summer is completed.

Chair Sanders asked to what degree the clean up will be. Ms. Mowery answered that Voter's Registration will check cancelled voters and the last voting dates of voters, then First Tuesday or the SVRS system will generate a list of people that will potentially be cancelled, but no one is ever deleted or purged from the records. Chair Sanders asked if a postcard distribution will be done to verify addresses. Ms. Mowery answered in the affirmative and stated that no one can be cancelled

without notification.

Councillor Plowman asked if the clean-up will reduce the number of return mailings stating that a person is deceased or has moved with no forwarding address. Ms. Mowery answered that it can help in some cases, but it depends on the number of years that a person has been deceased or has moved and did not notify anyone. She said that deceased records can only be removed by notification from the Board of Heath or with the presentation of a death certificate, but other records can be cancelled, not removed, if there is no response within two general elections.

Councillor Brown asked if the temporaries will also help to enter new records and to ensure that the voters are registered correctly and in a timely manner so that they are eligible to vote in the next election. Ms. Mowery answered in the affirmative and assured the Committee that temporaries are not going to be cleaning up the files. That particular task will be handled by current staff. She said that temporaries will help with other duties as necessary.

Councillor McWhirter asked if someone will be able to vote if they have been cancelled because they have not voted in the last two general elections, but they decide to vote in the next election and still live at the registered residence. Ms. Mowery answered in the affirmative and stated that a Certificate of Error can be issued if the person shows the proper identification.

Councillor Nytes moved, seconded by Councillor McWhirter, to forward Proposal No. 266, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 267, 2007 - authorizes and approves an interlocal agreement for the investment of public funds

Mr. Clifford invited Curt Fritsch, President, CRF Financial Group, Inc., to speak to the Committee. Mr. Clifford stated that the proposal relates to an interlocal agreement the Council needs to approve to allow the City to invest in Hoosier Fund, which is something that Mr. Fritsch put together for Indiana local governments. He said that Mr. Fritsch has worked on putting the Hoosier Fund together for approximately two years. Mr. Clifford distributed a handout (attached as Exhibit D) of the Hoosier Fund Presentation, the Monthly Yield comparisons, the Baker and Daniels legal opinion, and the State Board of Accounts opinion. Mr. Clifford discussed the following key points of Exhibit D:

- The Hoosier Fund Presentation
 - What is The Hoosier Fund
 - Why Join The Hoosier Fund
 - Operations
 - Source of Assets

Mr. Fritsch said that local government investment pools are not a new idea. He said that there are a total of 101 of these types of investment vehicles of various forms throughout the country. He said that Illinois has approximately six, and Indiana had one for a while called Invest Indiana, but he is unsure if it is still in existence. He said that his firm currently operates a fund in Colorado that is approximately \$1.2 billion. Mr. Fritsch said that he believes that there is a great opportunity for all the small cities and towns in Indiana to benefit from a program such as this, as this type of pool was

created to help small cities and towns to access the market just as the larger cities do. He said that by pooling the funds together, a larger pool of assets is created in which the City can negotiate a better rate at the market place and then pass that rate down to the smaller cities and towns. Mr. Fritsch discussed the Monthly Yield comparisons with the following key points:

- Colorado state investment guidelines and Indiana guidelines are identical except that Colorado also has an investment pool for Commercial Paper, which was not included at the time of the comparison.
- The yield on the Colorado Fund was used as a proxy.
- Hoosier Fund outperformed Fidelity and Goldman's funds 34 out of 36 months.
- Hoosier Fund outperformed the Invest Indiana fund 36 out of 36 months.

Councillor Nytes said that she can appreciate that an offering such as this will be very exciting for small towns and cities in Indiana. She asked how this opportunity will affect the City's investment patterns in local banks. Mr. Clifford answered that the process will be gradual to see how things work before making any major changes. He said that he would probably begin by investing funds that he does not feel will be needed for a period of time and invest them for a 60 to 90-day period as a testing phase, which is the typical practice with investments. He said that he believes that the Indianapolis Local Public Improvement Bond Bank is also considering this endeavor for an opportunity of determining if there is a higher rate of return. Mr. Clifford said that there is also an issue of operational efficiency, as a local or international bank currently manages the co-mingled funds, which makes it is easy to operate. He said that the rates have proven to be very competitive, and if it turns out to work, more funds may possibly be moved into the Hoosier Fund.

Councillor Nytes asked if there are still state requirements on how the City distributes its investments across the banking community. Mr. Fritsch answered that his attorney has advised him that those statutes are no longer in use. He said that the requirements were one of the reasons that a fund such as Hoosier Fund was not appropriate for Indiana. Mr. Fritsch said that the document has been approved by the Attorney General, Legal Counsel from Baker and Daniels, and the State Board of Accounts.

Chair Sanders asked if school corporations will also be eligible to invest. Mr. Fritsch answered in the affirmative and stated that any governmental entity can invest.

Councillor McWhirter asked Mr. Fritsch for the name of his company. Mr. Fritsch answered that his company is CRF Financial Group. Councillor McWhirter asked where the company is located. Mr. Fritsch answered that it is located on 93rd Street and Meridian Street in Indianapolis. Councillor McWhirter asked what Mr. Fritsch's position is in the company. Mr. Fritsch answered that he is the sole owner. Councillor McWhirter asked Mr. Fritsch if he has any conflict of interest or ties with the City of Indianapolis. Mr. Fritsch answered in the negative.

Mr. Brown asked how many entities are currently investing in Hoosier Fund and what is the total invested amount. Mr. Fritsch answered that Hoosier Fund is not yet up and running, but the target date is July 1, 2007. He said that there are commitments from five entities to become participants that total approximately \$40 million to \$50 million. He said that the fund needed to get a core group of participants to get the program started, and it is now anticipated to launch within the next 30 to 60 days.

Councillor Nytes asked if the performance figures for 2006 are as impressive as the figures that are shown in the comparison section of Exhibit D. Mr. Fritsch answered that he is unsure because the information for 2006 is not available yet. Councillor Nytes asked if the company has made any changes in their approach for the market that would suggest significant changes in performance. Mr. Fritsch answered in the negative and stated that if the Colorado fund is used as the proxy, the company is still performing at an acceptable advantage over some other investment options.

Councillor McWhirter moved, seconded by Councillor Nytes, to forward Proposal No. 267, 2007 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 5-0.

PROPOSAL NO. 268, 2007 - establishes the maximum tax rate that may be imposed for the City Cumulative Capital Development Fund

PROPOSAL NO. 269, 2007 - establishes the maximum tax rate that may be imposed for the County Cumulative Development Fund

Mr. Clifford said that Proposal Nos. 268 and 269, 2007 are a result of the City giving its preliminary property tax information to the State. The State notified the City that unless action is taken before August 1, 2007, the City Cumulative (Cum) Fund and the County Cumulative (Cum) Fund will be locked in at their current 2007 rates and will not be allowed the flexibility to increase. Mr. Clifford said that Proposal No. 268, 2007 is for the Council to authorize the City Cum Fund to go up to its legal maximum level and Proposal No. 269, 2007 is to authorize the County Cum Fund to go up to its legal maximum level. He said that the City Cum Fund is essentially used for Police and Fire vehicles. The County Cum Fund gets divided between the City and the County. The city budget for Public Works, which is a County Fund, receives some of the money in the County Cum Fund for streets and sidewalks, and the other portion of the money is used for fixed asset improvements for the County; such as, purchasing new voting machines, purchasing police vehicles, or purchasing equipment for jails. Mr. Clifford said that the proposals will not set the rate, as the rates will still be set by the Council, but the proposals will allow the option of increasing the rates. The higher rate, if chosen, will have to be advertised.

Chair Sanders asked if the proposals are simply providing the City with another tool while going through the budget process that does not have to be used if not deemed necessary. Mr. Clifford answered in the affirmative and stated that sidewalks, streets, police vehicles, fire vehicles, and voting machines are items that need to be paid for in the 2008 budget, which is why he feels that this is an important option for the City to have.

Chair Sanders asked if the Council will have to go through this process for the budget each year. Mr. Clifford answered in the affirmative. He stated that whatever the Council sets the rate for will be the rate from that point on unless the Council changes it again before August 1.

Councillor McWhirter asked what the respective tax rate is for 2007 for each fund. Mr. Clifford answered that the County Cum Fund rate is .0143 and the City Cum Fund rate is .0368.

Chair Sanders asked for consent to vote on Proposal Nos. 268 and 269, 2007 together. Consent was given. Councillor McWhirter moved, seconded by Councillor Nytes, to forward Proposal Nos. 268

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and 269, 2007 to the full Council with a “Do Pass” recommendation. The motion carried by a vote of 5-0.

With no further business pending, and upon motion duly made, the Administration and Finance Committee of the City-County Council was adjourned at 6:34 p.m.

Respectfully submitted,

Joanne Sanders, Chair
Administration and Finance Committee